

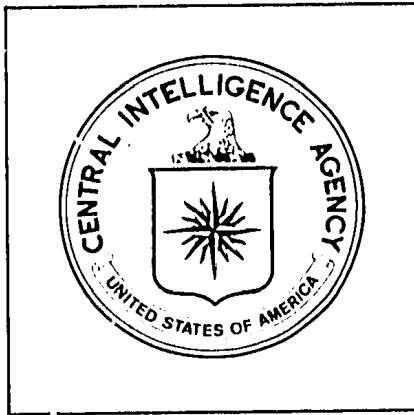
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West. Europe, [REDACTED] Int. Organizations

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STAFF NOTES:

Western Europe

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WESTERN EUROPE — [REDACTED] — INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Egyptian President Visits France

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Egyptian President Sadat left France yesterday with the promise of sizable French arms sales and Paris' agreement to consider participating in a wide range of economic projects in Egypt. Nevertheless, French Foreign Minister Sauvagnargues told [REDACTED] that the accomplishments of the visit were primarily psychological.

Sadat told a press conference that Paris agreed to provide Mirage aircraft, including the new F-1. He said the number involved was "secret," but insisted that the package consists of "much less than" the 120 planes mentioned earlier in the press. Sauvagnargues did say that France would supply 50 Mirage fighter aircraft. He pointed out, however, that continuing negotiations would determine whether Egypt got the Mirage III or F-1 model.

Egypt is already taking delivery of other Mirage aircraft under agreements concluded by Saudi Arabia, Kuwait and Abu Dhabi on Egypt's behalf. Up to 72 aircraft may be covered by these agreements.

Sadat did not mention any other types of arms in the new agreement--which is doubtless also being financed by Arab oil producers. He is known to have been seeking surface-to-air missiles, tanks, helicopters, and radar equipment.

While in Paris, Sadat made a much publicized tour of the plant that produces Crotale surface-to-air missiles and electronic equipment. Egypt's war production minister, General Badri, has stayed behind for further discussions with plant officials.

Sadat is surely pleased with the military agreement, particularly with the heavy publicity it received. The pointed statement in the communique that France agreed to sell arms to Egypt to help compensate for war losses was

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inserted at Sadat's request as a slap at the Soviets. Sadat has made much recently of Moscow's failure to provide Egypt with replacement equipment, and he has shown he can go elsewhere to obtain at least some of Egypt's military needs.

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Sauvagnargues told [REDACTED] he was reluctant to include the statement about replacing war losses in the communique because of the implicit insult to the Soviets. Giscard, however, may be able to use the statement to blunt domestic criticism. In spite of the official pro-Arab French policy, opinion polls continue to indicate that the French voters are predominantly pro-Israeli. Publicly, Giscard will doubtless emphasize that France is merely replacing lost equipment and he will stress that Paris is doing nothing that would upset the military equilibrium in the Middle East. French officials are already disclaiming any intention of launching a major supply operation to Cairo.

Sadat probably hopes that the promise of a militarily stronger Egypt will buttress his negotiating position with Israel, though he did try at his press conference to avoid giving the impression that the French arms will impede the progress of talks.

--He repeatedly emphasized that delivery of the Mirages will take several years.

--He reminded his audience that Libyan Mirages stationed in Egypt during the war had not been used in combat.

--He reiterated that Egypt and Syria have no intention of starting a new war.

Although Sadat and President Giscard held extensive discussions on economic cooperation, few firm agreements appear to have been made.

Sadat had said that he intended to request a nuclear power station, but the communique referred to this only as one of many projects

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in which French participation was "reviewed." A high French official announced, while Sadat was in town, that France would not sell nuclear reactors unless guarantees "satisfying the international community" were provided.

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██████████ that formal approval will depend on the outcome of talks on controls and guarantees. According to ██████████

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██████████ Paris is looking for a middle way between "IAEA-type" safeguards--which the French do not believe to be strong enough--and more stringent safeguards which the French believe go too far in imposing control over the entire nuclear cycle of the importing country. He said that in the case of Egypt his government hoped "as far as possible" to reprocess the plutonium in France.

Agreement was reached on the construction of a conventional electric power plant and on a system for color television.

On Middle East peace issues, the communique called for "secure, recognized, and guaranteed borders" for all states in the area. This wording, inserted at Giscard's insistence, is a refinement on UN Resolution 242, which calls for secure and recognized borders.

Giscard's use of the key phrase "guaranteed borders"--which he repeated several times before and during Sadat's visit--reaffirms France's desire to take part in settlement efforts.

In his press conference, Sadat said that he would welcome the stationing of French troops to guarantee the border in a final peace settlement, so long as they were positioned on both sides. Sadat said that "in a coming stage" France and all of Western Europe should play a role.
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[REDACTED]
Phone: 143-5413Turks Moderate Hard Line on Cyprus and Aegean
Issues

The Turkish government appears to be moderating its hardline with regard to Cyprus and the Aegean dispute as the February 5 deadline for a cutoff of US military assistance approaches.

Following meetings with his National Security Council and political party leaders, Prime Minister Irmak announced on January 29 that Nicosia airport may soon be opened under joint management and that the port of Famagusta would be reopened to international navigation. Irmak's comments could signal that the Turks will offer some new ideas when the Greek and Turkish Cypriot negotiators meet today, although his optimism may have been intended solely for domestic consumption.

Irmak also told the press that "in principle" Turkey favors taking the Aegean dispute to the International Court of Justice as the Greek prime minister proposed earlier this week. He noted, however, that Turkey still intends to carry out seismic exploration in the Aegean beginning next month. A further cautionary note was sounded by [REDACTED] who told the [REDACTED] that no decision had yet been made on the Greek proposal.

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[REDACTED] the Turkish National Security Council agreed with the General Staff assessment that action must be taken to try to avoid the threatened halt in US military assistance which would create serious problems for Turkey. The announcement that a commando brigade of some 1000 troops was being withdrawn from Cyprus was part of this effort.

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[REDACTED] no further troop reductions are expected before February 5. The General Staff foresees no military threat from Greek forces on the island, however, and further troop reductions are expected after the Turkish Cypriot refugees airlifted from the British base in southern Cyprus are resettled in the north.

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The National Security Council reportedly also agreed that Turkey would make concessions involving the use of Famagusta harbor and the reopening of Nicosia airport. [REDACTED]

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[REDACTED] however, it is doubtful that these concessions will come about before the February 5 deadline. The Turks allege that Archbishop Makarios is making no effort to move the talks forward and is seeking to portray the delays as the result of Turkish intransigence. In the Turkish view, once the US aid issue is removed progress in the negotiations will be possible.

Makarios, indeed, has sought to play up the lack of progress as the February 5 deadline approaches. It has been Denktash, the Turkish Cypriot negotiator, who has visibly hardened his position in recent weeks in response to directions from Ankara. (Secret No Foreign Dissem/ Controlled Dissem/No Dissem Abroad)

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Phone: 143-5135

Portuguese Armed Forces Movement Opposes Rival
Demonstrations

The Portuguese Communist Party and some other leftist groups have called off the political demonstration they had scheduled for Friday. Their action came in response to an announcement by the Armed Forces Movement that the three political demonstrations planned that day "should not take place."

The announcement, made by minister without portfolio Vitor Alves on behalf of the Armed Forces Movement yesterday, indicates that the Armed Forces Movement can still act as a body, even though seriously divided between moderates and radicals.

If the other major political party planning a demonstration--the Socialists--abides by the cancellation, the chance of violence over the weekend will be substantially reduced. The Communists, whose demonstration was scheduled to draw off support from the Socialist rally that they expected to be a big success, will be gratified by the cancellation.

The government's concern over the rival demonstrations increased yesterday when a Maoist party announced it planned to meet at the same location as the Socialists. The Socialists, determined to make their show of strength in spite of competition, changed locations to avoid conflict.

The announced times and places of the three demonstrations, however, were so close that planned or spontaneous clashes were still possible.

25X1X Before the announcement by the Armed Forces
Movement, [REDACTED] 25X1X
25X1X [REDACTED] that the party
would go ahead with its demonstration, even if the
government canceled it. The Socialists, nevertheless,
may now back down.

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The Maoist group may not be as willing to follow suit. Press reports indicate that the party is prepared to hold its demonstration in defiance of a government ban.

If the Maoists do not have the Socialists to demonstrate against, they may substitute a new cause--the ten-day NATO antisubmarine exercise that began yesterday in international waters near Lisbon. The Maoists have been joined in condemning these operations by the Popular Socialist Front, a radical Catholic group that recently split from the Socialist Party. (Confidential)

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[REDACTED]
Phone: 143-5205NATO's Do-Little Terrorism Committee

NATO's special committee on terrorism came under fire this week in the North Atlantic Council. The criticism was touched off by the committee's half-yearly report, which several NATO representatives considered to be a mere list of terrorist incidents. The NAC discussion also mirrored a more basic conflict among NATO members concerning the proper role of the terrorism committee.

The special committee was given a broad mandate in 1970 to organize intergovernmental exchanges on terrorism and measures to counter it and to make recommendations to the NATO Council or to individual governments. In the interim, however, the committee has become largely a mechanism for exchanging security information. Most of the committee's members are security experts from national capitals who are unable to deal with the broader aspects of the problem of terrorism.

Several of the West Europeans--led by the French--have been delighted to let the committee lead a limited existence. Basically, they have feared that if the committee should make recommendations on such topics as collective measures to counter terrorism, the activity would be bound to become public knowledge, with the likelihood that NATO members would become targets for more terrorist activity. Some of them have also been wary of getting into meaningful anti-terrorist discussions or recommendations because they want to avoid any involvement in the Arab-Israeli dispute. These two fears have caused some countries to circumscribe their participation in the already limited work of the committee by withholding security information they considered to be particularly sensitive.

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The matter of the terrorism committee's proper role arose dramatically last fall when a US diplomat was barred from attending a committee session on the grounds that he was not a security or intelligence expert of the sort who usually attends. Several NATO representatives were appalled at this incident and made the point that a country's NATO mission has the right to send whomever it wishes to committee meetings. The incident may have arisen because the committee chairman realized that a change in the type of committee representation could be a step in the direction of a more useful committee.

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At this week's North Atlantic Council meeting, [REDACTED] asked the committee chairman what had been done to involve a wider range of governmental representatives in its activities. He also asked what had been done to improve exchanges between member nations on measures to counter terrorism. [REDACTED]

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[REDACTED] who thought that the whole matter might be discussed in a restricted session of the North Atlantic Council.

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The other West Europeans will no doubt continue to resist a more active terrorism committee. They will probably also resist the suggestion of the Canadian representative that meaningful discussions of particular topics could be held in NATO's political committee or in the North Atlantic Council itself. The French and others would probably maintain that the risk of leaks, and consequently of increased terrorist attacks against NATO countries, would be even greater if such discussions occurred.
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Phone: 143-6884

Austrian Political Parties Set October Election

Chancellor Kreisky and the governing Socialist Party have set the nation's political tempo to their liking by rejecting a request by the opposition People's Party for early national elections. In sticking to the scheduled date of this October, the Socialists said they expect to repeat their victory of four years ago when the party won an absolute majority.

The People's Party asked for early elections believing that the current political tide is working in its favor. The party, traditionally representing the Catholic and rural voter, has enjoyed an upsurge since late 1973, by winning five of the last six state elections. Its candidate in the presidential elections last year nearly upset the favorite, Foreign Minister Rudolf Kirchschlaeger.

If Kreisky wins only a plurality, he probably would not agree to a Grand Coalition with the People's Party. He has little confidence that this conservative opposition party would prove to be a reliable coalition partner.

If circumstances dictate, he would try to join with the small Freedom Party, which gave support to the Socialists in 1970-71 when the latter governed on a minority basis. This small opposition party, however, is often in agreement with the People's Party and its allegiance to Kreisky is always questionable.

Despite these problems, Kreisky feels, probably with justification, that prospects for the Socialists are still good and likely to improve in the coming months.

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Some gloom persists in the business community over economic problems stemming from the higher cost of energy, but the national economy is still in relatively good shape. Unemployment is insignificant and inflation last year was slightly less than 10 percent. Austria has enjoyed uninterrupted economic expansion since 1969, although the growth rate for this year will be somewhat lower, showing perhaps a 3 to 4 percent increase in GNP.

Moreover, Kreisky can still draw on his considerable prestige as an international figure. He made a publicity splash by visiting both Moscow and Washington in 1974. Two weeks ago, he hosted a gala reception for the Shah of Iran and will shortly head the Socialist International's second fact-finding mission to Arab states.
(Confidential)

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Phone: 143-6884

Finnish Coalition Improves Standing

A Gallup poll taken in the last quarter of 1974 indicates that popular support for Finland's center-left coalition government is on the rise.

The Social Democrats and the Center Party, both coalition members, increased their support by more than one percent since the last poll and by three percent since the 1972 parliamentary elections. The other two coalition partners, the Liberals and the Swedish Peoples Party, were not as successful but, nevertheless, held their own.

Of the 56 governments Finland has had since independence in 1917, the current coalition has been one of the longest lived. With no clear alternative to the current majority coalition and no great desire for early elections, the government will continue to climb the longevity ladder.
(Confidential)

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